

First Quarter, Fiscal Year (FY) 2004 Bioenergy Payment Information:

The FY 2003 appropriations bill limited Program expenditures on payments issued during FY 2003 to \$115.5 million (77 percent of \$150 million annual funding). As a result the balance, or \$34.5 million, of FY 2003 funding was available for FY 2003 fourth quarter payments issued during FY 2004. Normally, the Program would have used one fourth of \$150 million by quarter (\$37.5 million – less than actually used in the first three quarters) and issued payments of \$37.5 million in the fourth quarter or \$3.0 million more than the \$34.5 million that was actually issued. Also in FY 2003, the Office of Management and Budget (OMB) added a restriction to the Program's apportionment that all funds apportioned for a FY had to be spent during the applicable FY (apportionment restriction). Program payments are not usually issued until approximately 45 to 60 days after the end of the applicable quarter. With this new restriction, the Program's payment earned FY (the time period of production covered by Program payments) versus the Program's funding (OMB apportionment) FY is now different. Section 9010 of the Farm Security and Rural Investment Act of 2002 (the 2002 Act) specifies the payment earned FY. Program FY funding, however, is now the fourth quarter of the prior FY plus the first three quarters of the applicable FY.

Example: FY 2004 funding will cover fourth quarter FY 2003 (\$34.5 million) plus the first three quarters of FY 2004 Program payments. The FY 2004's fourth quarter payments will be taken out of FY 2005 funding.

OMB issued apportionments for FY 2004 of \$150 million. As stated above, \$34.5 million was paid out for fourth quarter FY 2003 payments. This, subtracted from \$150 million, leaves \$115.5 million to cover the first three quarters of FY 2004 payments based on the apportionment restriction. The Program divides available funding equally among the quarters of payments to be issued (three remaining based on the apportionment restriction), thus the Program will limit the first three quarters of FY 2004 payments to \$38.5 million each quarter. First quarter FY 2004 Program payment requests are \$37.968 million. Therefore, a proration factor was not needed. Excess funds from the first quarter of \$0.532 million (\$38.5 million minus \$37.968 million) will be added to the amount available for the remainder of FY 2004 payments. Using \$38.5 million per quarter for the first three quarters will also reduce FY 2004's fourth quarter available funding to \$34.5 million since the Program is still restricted to \$150 million in payments per FY. Payments for the first quarter were as follows:

Fuel	Gallons Reported	Payments
Ethanol Increase	122,967,058	\$35,978,710
Biodiesel Increase	1,156,246	\$1,801,512
Biodiesel Base	438,717	\$187,978
Biodiesel Total	1,594,963	\$1,989,490
Total	124,562,021	\$37,968,200

FY 2005 OMB Performance Assessment Rating Tool (PART) Evaluation:

As part of the President's Management Initiative, a PART evaluation was completed of the Program for FY 2005. In conjunction with release of the President's FY 2005 budget request, the PART evaluation is available to the public on the OMB site at

<http://www.whitehouse.gov/omb/budget/fy2005/pma/agriculture.pdf> by clicking on "Bioenergy".